### State of Florida



# Jublic Service Commission 8 PM 12: 08

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#### -M-E-M-O-R-A-N-D-U-M-

DATE:

August 18, 2005

TO:

Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM:

Division of Competitive Markets & Enforcement (Buys, Buleeza-Banks) Doffice of the General Counsel (Scott)

RE:

Docket No. 050490-TL - Petition for approval of Service Guarantee Program.

with relief from requirements of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(a)

and (c), and 25-4.110(6), F.A.C., by Sprint-Florida, Incorporated.

AGENDA: 08/30/05 - Regular Agenda - Proposed Agency Action - Interested Persons May

Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

PREHEARING OFFICER:

Administrative

**CRITICAL DATES:** 

None

SPECIAL INSTRUCTIONS:

None

FILE NAME AND LOCATION:

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#### Case Background

In Docket No. 991377-TL, In Re: Initiation of show cause proceedings against Sprint-Florida, Incorporated for violation of service standards, by Order No. PSC-00-2462-PAA-TL, issued December 20, 2000, the Commission approved a stipulation and settlement entered into by the Office of Public Counsel and Sprint wherein Sprint implemented a Service Guarantee Plan, also referred to as Service Guarantee Program (SGP). Sprint's original SGP was implemented on June 1, 2001, and terminated on May 31, 2003.

In Docket No. 030430-TL, In Re: Petition for approval of limited waiver of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(c) and (1)(d), and 25-4.110(2), F.A.C.; and for approval of modification and extension of SGP (SGP) approved by Order PSC-00-2462-PAA-TL, by Sprint-Florida, Incorporated, by Order No. PSC-03-0733-PAA-TL, issued June 19, 2003, the Commission approved Sprint's Petition for modification and extension of its SGP. The modified

SGP was scheduled to expire on May 31, 2005. On June 9, 2005, by Order No. PSC-05-0630-FOF-TL, the Commission approved Sprint's request for a three month extension of its modified SGP and associated rule waivers. Sprint's current extension of its modified SGP expires on August 31, 2005.

In Docket No. 991473-TP, In Re: Review and revision of Rules 25-4.002, 4.003, 4.0185, 4.023, 4.038, 4.039, 4.066, 4.070, 4.072, 4.073, 4.0770, 4.080, and 4.085, F.A.C., by Order No. PSC-05-0282-FOF-TP, issued March 16, 2005, the Commission adopted amendments to the service quality rules for telecommunications companies. The amended rules, with the exception of Rule 25-4.085, Florida Administrative Code (F.A.C.), became effective on April 3, 2005. Subsequently, by Order No. PSC-05-0586-FOF-TP, issued May 26, 2005, the Commission adopted Rule 25-4.085, F.A.C., Service Guarantee Program, which became effective on June 14, 2005. Both the amended service quality rules and the new Service Guarantee Program rule apply only to residential service.

On July 15, 2005, Sprint filed its Petition for approval of a SGP pursuant to Rule 25-4.085, F.A.C. Sprint's proposed SGP program applies only to retail, residential basic service customers and provides its customers with automatic payments on their bills in the form of credits in the event Sprint fails to meet its service commitments for installation and repair of service interruption. Sprint is also proposing to provide monetary credits into a Community Service Fund should Sprint fail to meet its answer time measurements for its repair and business office. The Community Service Fund will inform customers about and promote Sprint's Lifeline service. Further, Sprint is offering to file a tariff adding the National School Lunch Program as an eligible Lifeline criterion. If approved by the Commission, Sprint's SGP will take effect within 30 days of its approval. A copy of the SGP is included as Attachment A.

The Commission is vested with jurisdiction over this matter pursuant to Sections 120.542, 364.01, 364.03, 364.17, and 364.183, Florida Statutes.

### **Discussion of Issues**

<u>Issue 1</u>: Should the Commission approve Sprint-Florida Incorporated's Petition for approval of its Service Guarantee Program with relief from the requirements of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(a) and (c), and 25-4.110(6), Florida Administrative Code?

Recommendation: Yes. (Buys, Bulecza-Banks, Scott)

Staff Analysis: Rule 25-4.085, F.A.C., Service Guarantee Program, states:

A company may petition the Commission for approval of a Service Guarantee Program, which would relieve the company from the rule requirement of each service standard addressed in the approved Service Guarantee Program. When evaluating a Service Guarantee Program for approval, the Commission will consider the Program's benefits to the customers and whether the Program is in the public interest. The Commission shall have the right to enforce the provisions of the Service Guarantee Program.

Pursuant to Rule 25-4.085, F.A.C., Sprint filed its petition requesting that the Commission approve its SGP. With Commission approval, Rule 25-4.085, F.A.C., allows a company to implement a SGP in lieu of providing service in accordance with certain service standard rules. Consequently, a waiver of the affected rules is not required. Sprint's new proposed SGP is similar to Sprint's current SGP approved by the Commission in Docket No. 030430-TL by Order No. PSC-00-2462-PAA-TL, issued June 19, 2003, except for the following changes summarized in Table 1. The changes are emboldened.

Table 1			
Repair – Out-of-Service		Rı	ule 25-4.070(3)(a), F.A.C.
Existing SGP		Proposed New SGP	
Where a customer's service is interrupted and it remains out of service in excess of 24 hours after being reported to Sprint and where the customer is able to continue to take service, the customer will receive an automatic credit on the bill in the following amounts:		increases and the SGP residential customers.	ount of the automatic credit applies only to single line In Docket No. 991473-TP, as amended to apply only to ve April 3, 2005.
Duration of Interruption 24 to 48 hours 2 to 5 days Over 5 days The SGP applies to reside	Credit \$10 \$15 \$35	Duration of Interruption 24 to 48 hours 2 to 5 days Over 5 days	<u>Credit</u> <b>\$11</b> \$15 <b>\$40</b>
business customers.			

Primary Service Installation	Rule 25-4.066, F.A.C.
Existing SGP	Proposed New SGP
If Sprint fails to install primary local service	Identical, except that the SGP applies only to single
on the date Sprint and the customer have	line residential customers. In Docket No. 991473-TP,
agreed upon, a credit in the amount of \$25 will	Rule 25-4.066, F.A.C., was amended to apply only to
be automatically applied to the customer's	residential service, effective April 3, 2005.
account. The credit will be automatically	
issued if service is not installed within three	
work days should the customer request that	
service be installed within three work days	
from the date of the completed application.	
Saturdays, Sundays, and holidays are excluded	
for determining a commitment date.	

Answer Time Ru	ule		Rule 25-4.073(1)(a) & (c), F.A.C.
Existing SGP		Proposed New SC	GP
Answer time is measured and reported based on the Average Speed of Answer (ASA). Measurement of ASA begins when the call leaves the Integrated Voice Response Unit (IVRU) and ends when a service representative answers the call or the caller abandons the call. Where an IVRU is not used, measurement of ASA begins when the call is received at the automatic call distributor (ACD) and ends when a service representative answers the call or the caller abandons the call.		except the SGP customers. In D	measured and reported the same – applies only to single line residential ocket No. 991473-TP, Rule 25-4.073, nended to apply only to residential e April 3, 2005.
Sprint will credit the Community Service Fund for disposition based on the achieved monthly ASA and/or Accessibility results in accordance with the following tables.		disposition base	lit the Community Service Fund for ad on the achieved monthly ASA in the following table.
ASA (seconds) ≤40 > 40 ≤50 > 50 ≤60 > 60 ≤90 > 90	Community Service Credit \$ 0 \$ 5,000 \$ 10,000 \$ 25,000 \$ 50,000	ASA (seconds) ≤50 > 50 ≤60 > 60 ≤70 > 70	Community Service Credit \$ 0 \$ 2,000 \$ 5,000 \$ 7,500
Accessibility (%) 95 to 100	Community Service Credit \$ 0	Sprint will mainta	nin 100% accessibility to the ACD queue.
> 90 ≤95 > 85 ≤90 > 70 ≤85 ≤70	\$ 5,000 \$ 10,000 \$ 25,000 \$ 50,000	Previously, Spring recording request	to deflect calls to a recording. t would route a percentage of calls to a ing that the customer leave his/her r and a service representative would

Force Majeure	Rule 25-4.110(6), F.A.C.
Existing SGP	Proposed New SGP
In the event of an emergency due to major	Identical.
events, Sprint may declare a service	
emergency. In a service emergency, Sprint	
shall define the geographic area, may make	
indefinite commitments for installation and	
repair service within the affected areas, initiate	
public service announcements to inform	
customers, and notify the Commission at the	
time of implementation and termination of the	
emergency service period. In such cases,	
Sprint shall be relieved of its obligations to	
provide SGP credits.	

Lifeline Tariff Filing	
Existing SGP	Proposed New SGP
None.	File a tariff adding the National School Lunch Program as an eligible Lifeline criterion to
	augment the current eligibility guidelines.

Term	
Existing SGP	Proposed New SGP
Expires on August 31, 2005.	Indefinite period of time. Sprint or the Commission may terminate the SGP at any time.

In addition, the proposed SGP will relieve Sprint from the requirements of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(a) and (c), and 25-4.110(6), F.A.C.

#### Rule 25-4.066(2), F.A.C., provides:

Where central office and outside plant facilities are readily available, at least 90 percent of all requests for primary service in any calendar month shall normally be satisfied in each exchange or service center within an interval of three working days after receipt of application when all tariff requirements relating thereto have been complied with, except those instances where a later installation date is requested by the applicant or where special equipment or services are involved.

### Rule 25-4.070(3)(a), F.A.C., provides:

Service Interruption: Restoration of interrupted service shall be scheduled to insure at least 95 percent shall be cleared within 24 hours of report in each exchange as measured on a monthly basis. For any exchange failing to meet this objective, the company shall provide an explanation with its periodic report to the Commission.

### Rule 25-4.073(1)(a) & (c), F.A.C., provides:

- (1) Each telephone utility shall provide equipment designed and engineered on the basis of realistic forecasts of growth, and shall make all reasonable efforts to provide adequate personnel so as to meet the following service criteria under normal operating conditions:
- (a) At least 90 percent of all calls directed to repair services and 80 percent of all calls to business offices shall be answered within 30 seconds after the last digit is dialed when no menu driven system is utilized.
- (c) For subscribers who either select the option of transferring to a live assistant, or do not interact with the system for twenty seconds, the call shall be transferred by the system to a live attendant. At least 90 percent of the calls shall be answered by the live attendant prepared to give immediate assistance within 55 seconds of being transferred to the attendant.

### Rule 25-4.110(6), F.A.C., provides:

(6) Each company shall make appropriate adjustments or refunds where the subscriber's service is interrupted by other than the subscriber's negligent or willful act, and remains out of order in excess of 24 hours after the subscriber notifies the company of the interruption. The refund to the subscriber shall be the pro rata part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative; except that the refund shall not be applicable for the time that the company stands ready to repair the service and the subscriber does not provide access to the company for such restoration work. The refund may be accomplished by a credit on a subsequent bill for telephone service.

In the event that Sprint declares a service emergency due to a major event (Force Majeure), Sprint will be relieved of meeting its SGP obligations and the company will revert to making refunds and adjustments for customers affected by a service emergency on a pro rated basis for the period of days the service was inoperative in accordance with Rule 25-4.110, F.A.C.

Sprint asserts that its proposed SGP benefits the company's customers by providing automatic credits to residential customers should Sprint fail to meet its commitments for installation and repair of service. Sprint also asserts that the SGP's provisions for contributions to the Community Service Fund to promote Lifeline service and the addition of the National School Lunch Program as an eligible Lifeline criterion are in the public interest. Staff evaluated Sprint's proposed SGP and believes that it will benefit Sprint's customers and is in the public interest.

Based on the foregoing, staff recommends that the Commission approve Sprint-Florida Incorporated's Petition for approval of its Service Guarantee Program with relief from the requirements of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(a) and (c), and 25-4.110(6), Florida Administrative Code.

Issue 2: Should this docket be closed?

Recommendation: Staff recommends that the Order issued from this recommendation become final and effective upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As provided by Section 120.80(13)(b), Florida Statutes, any issues not in dispute should be deemed stipulated. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Scott)

<u>Staff Analysis</u>: Staff recommends that the Commission take action as set forth in its recommendation.

SPRINT'S SERVICE GUARANTEE PROGRAM

The guarantees and payments to be made under this Program apply to retail.

residential basic service customers. The Service Guarantee Program will have four service

guarantee categories pertaining to retail residential service. Two of the categories,

installation and repair out-of-service, provide direct and automatic credits to Sprint's retail

residential customers for installation of primary basic service (where facilities are readily

available) and repair of out-of-service conditions. The other two categories are for answer

time in the business office and repair queues serving basic service residential customers.

Answer time credits (referred to herein as "Community Service Credits") are applicable to a

Community Service Fund that will inform customers about and promote Sprint's Lifeline

service.

A. Service Guarantee Credit Schedules

1. Repair Out-of-Service (Service Interruption):

Sprint agrees to make the applicable automatic credits on the bills of each

residential single line customer based on the Service Guarantee schedule specified in

Table 1. An out-of-service condition for purposes of this Service Guarantee credit occurs

when a subscriber's service is interrupted, other than by a negligent or willful act of the

subscriber, and it remains out of service in excess of 24 hours after being reported to the

Company and where the customer is able to continue to take service (e.g., not where the

service location has been destroyed by fire, flood, wind, etc.). Sundays and holidays are

excluded in calculating service outage duration for purposes of determining applicability

of the credits in Table 1.

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Sprint will commit to continue providing automatic pro-rata adjustments to customers who experience out-of-service conditions during Sunday or holiday periods where such Sunday or holiday periods are not included in the duration calculation for purposes of the Service Guarantee Credit. Sundays or holidays are not covered by the Service Guarantee Credit and will be calculated and credited to customers consistent with Rule 25-4.110(6), Florida Administrative Code.

TABLE 1

Repair - Ont of Ser	vice
<u>Duration</u>	<u>Credit</u>
≤24 Hours	\$0
> 24 to 48 Hours	\$11
> 2 to 5 days	\$15
> Over 5 Days	\$40

#### 2. Service Installation Intervals:

Sprint agrees to make the applicable automatic credits on the bills of residential single line customers for whom Sprint fails to meet an installation commitment for primary local service. Table 2 contains Sprint's commitment regarding the service installation and associated customer Service Guarantee Credit where central office and outside plant facilities are readily available with no work order required to provide necessary facilities and where no special equipment or services are involved. Qualification for application of a Service Guarantee Credit begins after customer satisfaction of all application and/or tariff requirements. If Sprint fails to install service on the date Sprint and the customer have agreed upon (commitment date), a Service Guarantee Credit will be automatically applied to the customer's account in accordance with Table 2. If Sprint offers an installation date of three or more work days and the customer requests service to be installed within three work

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days from the date of completed application, the credit will be automatically issued if

service is not installed within three work days. Saturdays, Sundays and holidays are

excluded for determining a commitment met.

TABLE 2

Primary Service Installa	ution
Duration	<u>Credit</u>
Commitment Met	\$0
Missed Commitment	\$25

#### 3. Answer Time - Repair and Business Office:

Answer time for residential basic service customers will be measured and reported based on the Average Speed of Answer (ASA). Measurement of ASA begins when the call leaves the Integrated Voice Response Unit (IVRU) and ends when a service representative answers the call or the caller abandons the call. The Company will forecast expected demand and provide incoming access lines (trunks) to the business office and repair centers at a P.01 grade of service for the average busy hour busy season. Where an IVRU is not used, measurement of ASA begins as soon as the call is received at the automatic call distributor (ACD) and ends when a service representative answers the call or the caller abandons the call. The Company will maintain 100% accessibility to the ACD queue. Within 30 seconds after the customer enters the IVRU, the caller will be given the option to exit the menu and be connected to a service representative. Sprint will credit the Community Service Fund for disposition in the amounts specified in Table 3, following based on the achieved monthly ASA results.

Payment of any applicable Community Service Credits shall be determined separately for the business office that is designated to serve residential basic service customers and separately for repair. For example, 57 seconds ASA for a given queue would

produce a community service credit of \$2,000 for the reporting month.

TABLE 3

Anestes Thuc ANA	Community Service Credit
seemids)	
≤50	\$- <i>0</i> -
>50 ≤60	\$2,000
> 60 ≤ 70	\$5,000
> 70	\$7,000

#### B. General Terms

- 1. Implementation Date: Within 30 days of approval by the Commission.
- 2. Credits: Credits to customers will be made automatically and will not require the customer to request them.

#### C. Definitions

1. Accessibility: Where an IVRU is not used, Accessibility for a particular queue is defined as the percentage of calls directed by the customer to the particular queue, where the numerator is the total number of calls either answered by a service representative or abandoned by the customer and the denominator is the total number of calls directed by the customer to the particular queue. Where an IVRU is used, Accessibility for a particular queue is defined as the percentage of calls exiting the IVRU and directed by the customer to the particular queue, where the numerator is the total number of calls

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either answered by a service representative or abandoned by the customer and the denominator is the total number of calls exiting the IVRU and directed by the customer to the particular queue.

- Average Speed of Answer (ASA): The average number of seconds
  from the time a customer exits the IRVU until the call is abandoned or
  answered by a service representative.
- Service Representative: A repair or business office live attendant prepared to assist a customer with either a repair or service inquiry or request.
- Basic Local Service: As defined in Section 364.02, Florida Statutes (1999).
- Community Service Credits: Credits applicable for answer time results as specified in Table 3.
- 6. **Community Service Fund:** The fund created by the payment of credits based on answer time results.
- 7. **Day:** The twenty-four hour period beginning and ending at midnight. (For example, if a trouble report is received at 2 p.m. on Monday, and the trouble is cleared at 2:01 p.m. or later on Tuesday, a credit for one day would apply. A credit for two days would apply if the repair is completed at any time during the period 12:01 a.m. through 11:59 p.m. on Wednesday; a credit for three days would apply if the repair is completed at any time during the period 12:01 a.m. through 11:59 p.m. on Thursday; and so forth).

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#### D. Other Provisions of the Service Guarantee Program

#### 1. Force Majeure

In the event of an emergency due to major events (such as, hurricanes, work stoppages, or acts of third parties outside Sprint's control) when it is reasonable to expect that the Company's installation and repair intervals and answer times will be extended as a result of the major event, Sprint may declare a service emergency. In declaring a service emergency, the Company shall define the geographic area, on a minimum of an exchange basis, where the emergency exists, may make indefinite commitments for installation and repair services within the affected areas, shall initiate public service announcements to inform customers, and shall notify the Commission at the time of implementation and termination of the service emergency period. In such cases, the Company shall be relieved of its obligations to provide Service Guarantee Program credits for installation and repair service and answer time.

Where Sprint is relieved of meeting its obligations under the Service Guarantee Program, it will revert to making refunds or adjustments for customers affected by a service emergency, pursuant to Rule 25-4.110(6), Florida Administrative Code, for out-of-service conditions defined by Rule 25-4.070(1)(b), Florida Administrative Code.

# 2. Establishment of a Community Service Fund and Disposition of Community Service Credits

Sprint shall establish a Community Service Fund in the form of a corporate undertaking. If, pursuant to the Service Guarantee Program, Sprint makes credits to the Community Service Fund, such amounts shall be disposed of, in coordination with the Office of Public Counsel, to inform customers about and promote Sprint's Lifeline service. Community Service Credits shall be accrued monthly and shall be spent during the calendar

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year following the accrual. For example, any amounts accrued during calendar 2005 shall be spent to inform customers about and promote Sprint's Lifeline service during calendar year 2006. The Parties reserve the right to agree to a different manner to dispose of amounts

credited pursuant to the Service Guarantee Program, subject to the approval of the Florida

Public Service Commission.

3. Commission Jurisdiction & Reporting

The Service Guarantee Program and the automatic credits will relieve Sprint from the requirements of Rules 25-4.066 (2), 25-4.070 (3)(a), 25-4.073 (1)(a) and (c) and 25-

4.110(6), Florida Administrative Code, for the duration of the Service Guarantee Program.

Sprint will provide reports quarterly to the Commission within 30 days of the end of

each quarter detailing the amount of credits given. The quarterly reports will be presented in

a monthly format by exchange detailing the amount of credits related to installation and

repair-out-of-service and separately in a monthly format for the business office and repair

answer time.

4. Term of Service Guarantee Program

The term of the Service Guarantee Program is for an indefinite period beginning on

the implementation date. The Company or the Commission may terminate the Service

Guarantee Program at any time.

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